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Message Text

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70
ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 FRB-03 FEA-01 PA-01 PRS-01

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FM AMEMBASSY KINGSTON
TO SECSTATE WASHDC 7482
INFO AMEMBASSY OTTAWA

C O N F I D E N T I A L KINGSTON 1548

EO 11652: N/A
TAGS: ENRG, JM
SUBJECT: LUANA POINT REFINERY AND RELATED DEVELOPMENTS

1. CANADIAN HIGH COMMISSION OFFICER TOLD ECONOFF THAT GOJ EXPECTS TO SIGN AGREEMENT TO ESTABLISH REFINERY AND POWER PLANT WITH WORLD ENGINEERING SERVICES (NASSAU) ACTING FOR DENNISON, A CANADIAN FIRM. THE AGREEMENT IS EXPECTED TO BE ANNOUNCED AND SIGNED ON APRIL 30. DENNISON HAS PRESUMABLY HIRED BECHTEL OF SAN FRANCISCO TO HANDLE CONSTRUCTION. PROJECT HAS NOW BEEN SCALED DOWN TO 120,000 BARREL A DAY REFINERY WHICH WILL SUPPLY DOMESTIC MARKET. OIL IS PRESUMABLY GOING TO BE SUPPLIED BY VENEZUELA IN ACCORDANCE WITH RECENT AGREEMENT WITH JAMAICA (SEE SEPTEL).

2. LOCAL REPRESENTATIVES OF BOTH ESSO AND TEXACO HAVE INDICATED TO EMBOFFS THAT THEIR COMPANIES ARE INTERESTED IN MANAGEMENT CONTRACTS FOR NEW REFINERY. TEXACO MANAGER STATED THAT OIL FOR NEW REFINERY WOULD BE SUPPLIED BY IRAN UNDER TERMS OF THREE-WAY DEAL WITH
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DENNISON WHICH INVOLVED SALE OF CANADIAN URANIUM TO

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IRAN

3. GOJ HAS HIRED CONSULTANT AND IS PRESENTLY ENGAGED
IN STUDY OF MARKETING ARRANGEMENTS OF OIL INDUSTRY.
LOCAL ESSO MANAGER STATED HIS FIRM WAS INTERESTED IN
THE EXPANSION AND PROTECTION OF ITS MARKET AND
THEREFORE IN MAXIMIZING ITS CORDIAL RELATIONS
WITH THE GOJ. FOR THIS REASON, ESSO WAS TAKING
GOJ REPS UP TO MIAMI AND DELAWARE TO BRIEF THEM. WE
ALSO UNDERSTAND HOWELL REFINING COMPANY OF TEXAS HAS
BEEN IN TOUCH WITH GOJ MINISTER PATTERSON CONCERNING
ESTABLISHMENT OF ANOTHER REFINERY.

4. COMMENT: ESTABLISHMENT OF REFINERY AND POWER PLANT
AT LUANA IS CONCOMMITANT PART OF NEW PROPOSED EXPANSION OF
POWER HUNGRY BAUXITE/ALUMINA INDUSTRY. PROJECT WAS ORIGINALLY
ANNOUNCED IN 1972 BUT, DUE TO WITHDRAWAL OF
ITALIAN BACKERS AND SUDDEN INCREASE IN OIL PRICES, IT
HAS REMAINED IN LIMBO. GOJ HAS CONTINUED SEARCH FOR
SOURCE OF CRUDE AND FINANCIAL BACKING TO GO AHEAD WITH
PROJECT. RUMOR OF DENNISON INVOLVEMENT HAS BEEN SO
PERSISTENT THAT WE THINK ANNOUNCEMENT OF SOME KIND OF
NEW ARRANGEMENT WILL BE MADE IN VERY NEAR FUTURE AND
KEYED TO RECEIVE MAXIMUM PUBLICITY. IN USUAL GOJ FASHION
IMPLEMENTATION PROBABLY LAG FAR BEHIND.

5. (WE RECOGNIZE THAT THE INFORMTATION IN THIS
REPORT VARIES IN SOME IMPORTANT RESPECTS FROM THAT CONTAINED
IN DCD REPORTS NO B-321/06374-75, B 321/03716/75, AND B 321/03717/75
WHICH IS IN SOME WAYS MORE PERSUASIVE.). GERARD

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